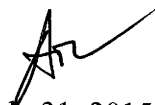


**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board
FROM: Anthony T. Logalbo, Finance Director 
SUBJ: Asset allocation and market value @ July 31, 2015
DATE: September 10, 2015

Combined Assets: Retirement System and Town Pension Reserve Fund

For the month of July, the combined market value of system assets and the Town's Pension Reserve Fund **increased 3.73% from the prior month-end**. Most of this increase was due to receipt of \$4,482,128 as payment of the FY16 employer assessments from the Town of Concord and the Concord-Carlisle Regional School District. Payment of \$55,671 from the Concord Housing Authority was recorded in August. Excluding this item, asset growth was 0.57%.

At July 31st, combined assets totaled \$147.52 million (\$138.11 million in the Retirement System and \$9.41 million in the Town's Pension Reserve account). The market value of combined assets, exclusive of the FY16 employer assessment payments, **increased** in July by **\$816,000**.

Compared to one year earlier, the market value of combined assets is **up 5.85%**. For the three-year period ending July 31, 2015, market value has increased at an average annual rate of 12.04%.

The one-year statistic is below the actuarially assumed earnings rate of 7.50%. The three-year statistic has been above the actuarially assumed earnings rate for 46 consecutive months.

Since January 1, 2015, asset growth exclusive of the FY16 employer assessment payments, has been 0.43%.

Concord Retirement System performance

Asset Value at July 31, 2015: \$ 138,111,548

For the most recent 12-month period:

For the one-year period ended July 31, 2015, asset value of the Concord Retirement Fund has **increased 5.97%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **5.19%** over the same 12-month period.

***Comparative asset value change, most recent year and month
(Retirement System assets only, excluding Pension Reserve):***

	<u>One month</u>	<u>One year</u>
Concord Retirement Fund*	0.66 %	5.97%
State PRIT Core Fund	0.49 %	5.19%

* The asset value increase of 5.97% for the 12-month period ending July 31st is not precisely the investment return; rather, it reflects the difference between income (employer and employee contributions, investment earnings) and disbursements (pensions, refunds, expenses). It is, however, a close approximation of investment return for this comparative purpose.

The **market indexes** for the period ending July 31, 2015 are:

		<u>One month</u>	<u>One year</u>
S&P 500	<i>Domestic equity</i>	plus 2.10 %	plus 11.21 %
Barclays Govt.	<i>Fixed income</i>	plus 0.73 %	plus 2.55 %

40.44% of the Concord portfolio is invested with PRIT (34.33% in the Core Fund, 4.73% in the Core Real Estate Fund and 1.38% in venture capital funds).

Comparative asset allocation:

The accompanying Asset Allocation Report includes a line at the bottom to show the asset allocation for Concord Retirement System assets only, allocating the PRIT Core investment among its component categories. As of July 31, 2015, the PRIT Core Fund was allocated as follows:

	PRIT CORE FUND	
	<u>Share of portfolio asset value</u>	
	<u>this month</u>	<u>Change from year earlier</u>
Fixed Income	21.98%	- 0.77%
Equity	44.62%	+ 1.26%
Other	33.40%	- 0.49%

Concord Retirement Board assets were allocated as of July 31st as follows:

Fixed Income	27.90%
Equity	50.66%
Real Estate	4.73%
Other	12.85% (alternative investments and PRIT Vintage Funds)
Cash	3.87%

The total allocation to "Equity, Real Estate and Other" at July 31, 2015 is 68.23%, with a target of 65%, as adjusted by vote at the March 2012 board meeting. At that meeting, the Board set a target allocation as follows:

	<u>Target</u>	<u>July 31, 2015</u>
Fixed income and cash	35.0%	31.77%
Real Estate	5.0%	4.73%
Equity and Other	60.0%	63.50%

Components of investment performance for July and for the most recent 12-month period (with reference to available benchmarks) are as follows:

\$138.1 million Retirement Board assets only:

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>	
		<u>July</u>	<u>12 months</u>	<u>July</u>	<u>12 months</u>
FRT Equity I Fund	13.52%	1.98 %	11.70 %	Russell 1000:	1.93 % 11.24 %
FRT International	<u>5.56%</u>	<u>1.86 %</u>	<u>1.86 %</u>	S&P 500:	2.10 % 11.21 %
Total account, FRT	19.08%	1.94 %	8.78 %	EAFE/MSCI:	2.08 % (0.28)%
PRIT Core General	34.33%	0.49 %	5.19 %		
PRIT Core Real Estate*	4.73%	0.97 %	11.93 %		
PRIT Vintage 2006*	0.78%	(0.20)%	11.62 %		
PRIT Vintage 2008*	0.46%	(0.28)%	16.99 %		
PRIT Vintage 2013*	0.14%	(1.45)%	(3.98)%		
Columbia equity	16.32%	0.87 %	8.48 %	Russell 1000 Value:	0.44 % 6.40 %
Columbia - fixed income	20.94%	0.66 %	2.46 %	Barclays Gov't:	0.73 % 2.55 %
Cash - MMDT	3.22%	0.25 %			

* PRIT real estate and vintage fund returns are net of fees

CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT

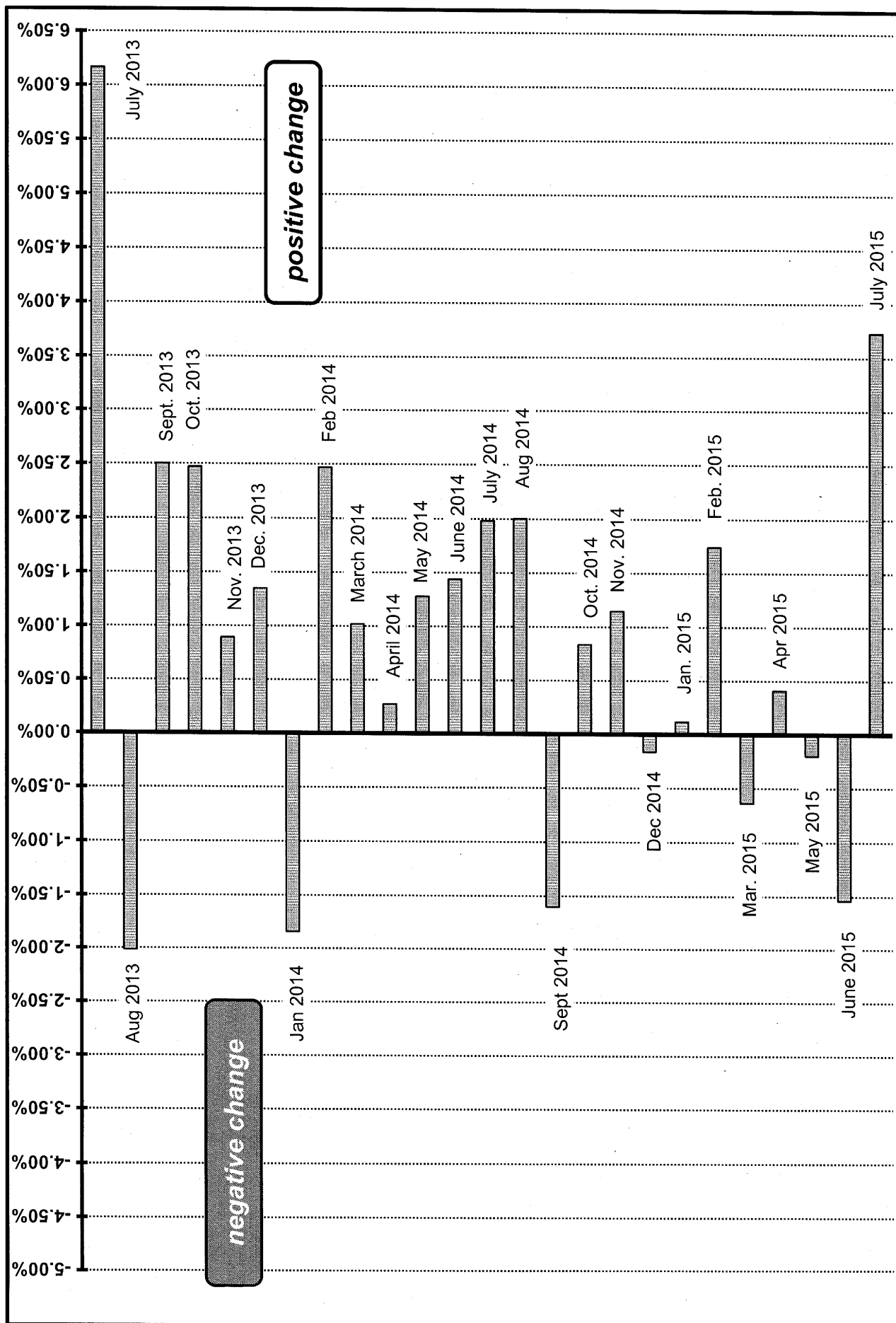
MARKET VALUE AT: 7/31/2015

	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL	
PENSION RESERVE							
Columbia 80-16-200-8549595		\$6,568,631.74			\$24,844.98	\$6,593,476.72	
MMDT #44-001501					\$2,813,887.98	\$2,813,887.98	
TOTAL	\$0.00	\$6,568,631.74	\$0.00	\$0.00	\$2,838,732.96	\$9,407,364.70	
RETIREMENT SYSTEM							
Fixed Income 80-16-200-8553057	\$28,108,537.04				\$812,215.53	\$28,920,752.57	20.94%
Columbia 80-16-200-8549574		\$22,458,768.60			\$84,908.43	\$22,543,677.03	16.32%
Equity I (FRT)		\$18,672,061.13				\$18,672,061.13	13.52%
International Fund		\$7,679,990.16				\$7,679,990.16	5.56%
PRIT Core General	\$10,420,298.68	\$21,153,490.77		\$15,834,302.81		\$47,408,092.26	34.33%
PRIT Real Estate (segmented)			\$6,527,116.76			\$6,527,116.76	4.73%
PRIT Vintage Fund 2006				\$1,082,425.00		\$1,082,425.00	0.78%
PRIT Vintage Fund 2008				\$640,103.24		\$640,103.24	0.46%
PRIT Vintage Fund 2013				\$188,020.20		\$188,020.20	0.14%
MMDT #44-002079				\$17,744,851.25	\$4,449,309.27	\$4,449,309.27	3.22%
TOTAL	\$38,528,835.72	\$69,964,310.66	\$6,527,116.76	\$17,744,851.25	\$5,346,433.23	\$138,111,547.62	100.00%
GRAND TOTAL	\$38,528,835.72	\$76,532,942.40	\$6,527,116.76	\$17,744,851.25	\$8,185,166.19	\$147,518,912.32	
PERCENT OF TOTAL	26.12%	51.88%	4.42%	12.03%	5.55%	100.00%	
Retirement system ONLY	27.90%	50.66%	4.73%	12.85%	3.87%	100.00%	

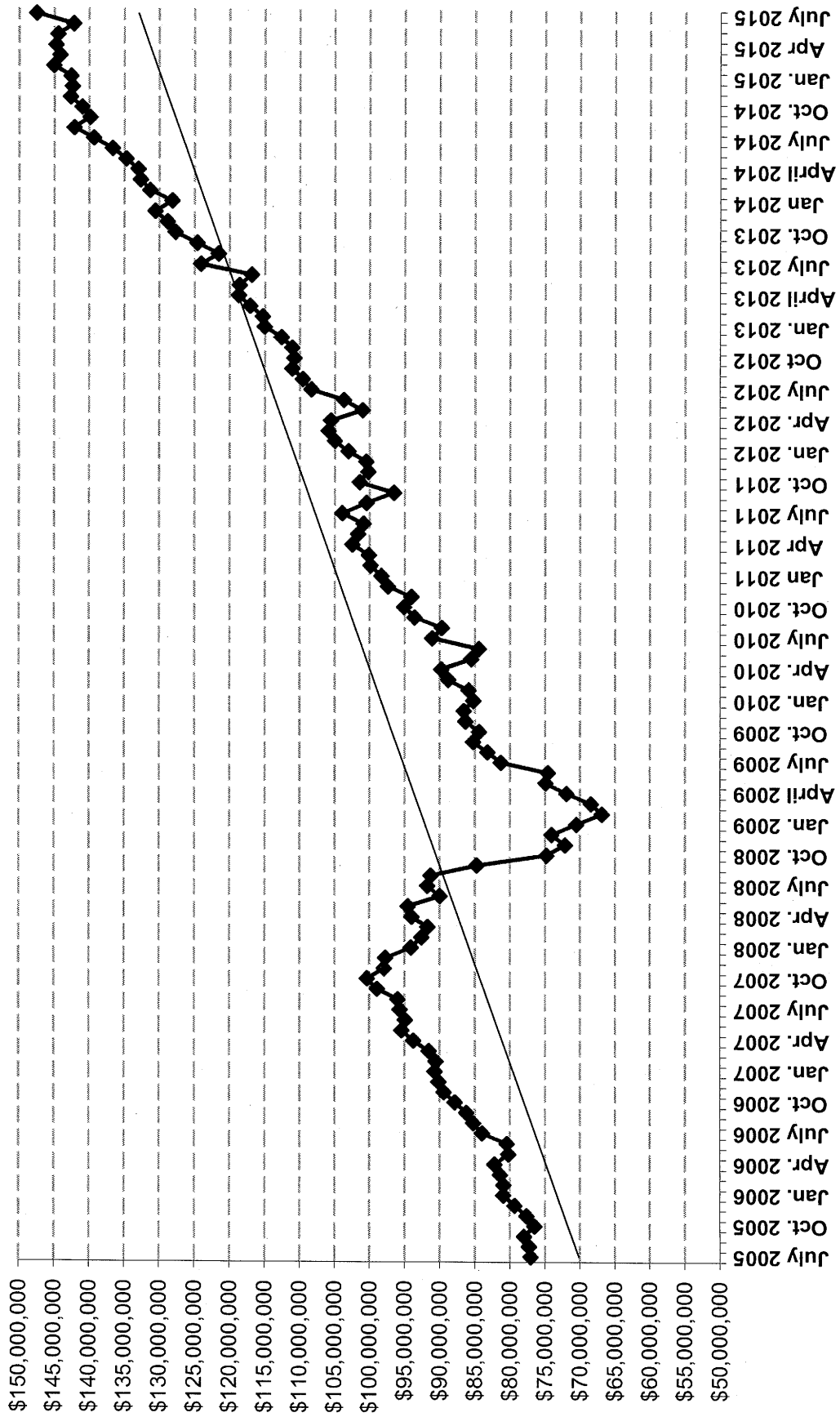
*other: PRIT FUND - alternative investments, real estate, timber, absolute value (hedge); COLUMBIA - real estate

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25-month Asset Change
Concord Retirement System



Concord Retirement Fund Assets, 10 years from July 2005 (including Town's Pension Reserve Account)



PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year-to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
Total Fund								
TOTAL	0.87	-0.05	-0.04	8.48	19.38	16.83	9.54	03/31/1993
Index								
Russell 1000 Value Index	0.44	-0.38	-0.18	6.40	17.12	15.09	9.62	03/31/1993
S&P 500 Index	2.10	1.41	3.35	11.21	17.59	16.25	9.26	03/31/1993

Past performance does not guarantee future results. Results are for the client's own account and are not composite results. The portfolio may be comprised of separately managed accounts and/or mutual funds. Performance is based on time-weighted, daily calculation using values that are determined in good faith by Columbia Management Investment Advisers, LLC. The portion of the portfolio based on the separately managed securities is calculated on a gross performance basis and does not reflect the deduction of management fees. The portion of the portfolio based on mutual funds reflects the net asset value of the fund. If you have any questions regarding the above information, or if there are any changes in your investment objectives or guidelines, please contact your Relationship Manager.

Indices shown are unmanaged and do not reflect the impact of fees. It is not possible to invest directly in an index.

Returns less than one year are cumulative. Returns greater than one year are annualized.

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PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year-to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
Total Fund								
TOTAL	0.66	-0.86	0.44	2.46	2.01	4.05	5.98	09/30/1987
Index								
Barclays Aggregate Bond Index	0.70	-0.64	0.59	2.82	1.60	3.27	6.86	09/30/1987
Barclays Gov/Credit Bond Index	0.73	-0.86	0.43	2.55	1.46	3.43	6.87	09/30/1987
Barclays Int Gov/Credit Bond Idx	0.36	-0.23	1.18	2.27	1.40	2.64	6.26	09/30/1987

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Performance Report

Town of Concord Retirement System

As of July 31, 2015

	Market Value	One Month	Three Months	Year to Date	One Year	Annualized					Inception Date	
						Three Years	Five Years	Ten Years	Since Inception			
Town of Concord Retirement System Investment Account - QU2V												
Total Assets	\$ 26,352,051	1.94 %	0.83 %	5.18 %	8.78 %	16.74 %	13.83 %	6.98 %	9.61 %		07/01/1986	
Custom Benchmark 1	--	1.97	0.53	4.89	7.73	16.35	13.93	7.00	9.09		--	
Custom Benchmark 2	--	1.82	0.29	4.43	7.29	16.15	13.78	7.05	9.24		--	
Total Equity	26,352,051	1.94	0.83	5.18	8.78	16.74	13.83	7.06	10.05		07/01/1986	
RTC Equity I Fund												
Russell 1000 Index	18,672,061	1.98	1.50	3.80	11.70	18.03	16.04	7.64	10.47		07/01/1986	
S&P 500 Index	--	1.93	1.32	3.67	11.24	18.02	16.45	7.93	10.11		--	
	--	2.10	1.41	3.35	11.21	17.58	16.24	7.72	10.07		--	
RTC International Fund												
Russell Dev ex-US LC Idx Net (Linked)	7,679,990	1.86	-0.76	8.69	1.86	13.62	8.67	5.59	6.62		03/01/1996	
MSCI EAFE Index Net Dividend	--	1.58	-2.10	6.14	-1.63	11.69	7.55	4.79	4.85		--	
	--	2.08	-1.32	7.72	-0.28	12.32	8.01	5.02	4.96		--	

Please read the endnotes included with the report.

Endnotes:

- 1 Custom Benchmark currently consists of: 70.0% R1000, 30.0% MSCI EAFE Net.
- 2 Custom Benchmark currently consists of: 70.0% R1000, 30.0% Russell Dev Ex-US LC Net.
- 3 Historical performance prior to January 1, 2011 is linked to the MSCI EAFE Index Net.

PENSION RESERVES INVESTMENT TRUST											
SUMMARY OF PLAN PERFORMANCE											
RATES OF RETURN (GROSS OF FEES)											
Periods Ending July 31, 2015											
	NAV \$(M)	Target Allocation %	Actual Allocation %	Month	FY '16	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
GLOBAL EQUITY	26,292,481	42.8%	42.8%	0.28	0.28	3.90	2.67	13.34	11.03	6.31	5.66
CORE FIXED INCOME	8,486,603	13.0%	13.8%	2.83	2.83	-1.58	7.26	3.77	5.09	5.15	7.71
VALUE-ADDED FIXED INCOME	5,024,335	10.0%	8.2%	-0.56	-0.56	0.19	-2.58	4.17	6.42	7.52	8.72
PRIVATE EQUITY	6,783,889	10.0%	11.0%	-0.48	-0.48	8.76	15.74	18.77	18.13	16.83	14.52
REAL ESTATE	6,179,519	10.0%	10.1%	0.96	0.96	6.21	12.62	12.69	13.39	8.30	6.43
TIMBER/NATURAL RESOURCES	2,268,541	4.0%	3.7%	-1.85	-1.85	-2.92	-2.13	5.29	4.82	6.19	7.91
HEDGE FUNDS (NET OF FEES)	5,196,678	10.0%	8.5%	0.46	0.46	3.05	4.69	8.69	6.35	4.75	5.04
PORTFOLIO COMPLETION STRATEGIES	98,114	0.2%	0.2%	3.43	3.43	-1.84					-1.84
PORTABLE ALPHA WIND DOWN (NET OF FEES)	27,931	0.0%	0.0%	-0.98	-0.98	-6.30	-5.04	-2.84	-2.15		-5.70
OVERLAY	1,098,748	0.0%	1.8%	0.48	0.48	1.17	3.48				6.56
TOTAL CORE	61,456,840	100%	100%	0.49	0.49	3.12	5.19	11.07	10.15	6.78	9.56
INTERIM BENCHMARK (target allocation without private equity benchmark) ¹				0.28	0.28	3.23	4.31	10.08	9.38	6.67	10.08
TOTAL CORE BENCHMARK (target allocation with private equity benchmark) ²				0.43	0.43	3.02	3.84	9.14	8.43	6.34	9.97
PARTICIPANTS CASH	221,525			0.01	0.01	0.09	0.14	0.14	0.15	1.53	4.01
TEACHERS' AND EMPLOYEES' CASH	67,123			0.01	0.01	0.09	0.14	0.14	0.15	1.28	2.78
TOTAL FUND	61,745,487			0.49	0.49	3.11	5.18	11.03	10.11	6.76	9.61